

# Vanguard® Total Bond Market Index Fund

## Signal™ Shares

Bond fund

### Investment objective

Vanguard Total Bond Market Index Fund seeks to track the performance of a broad, market-weighted bond index.

### Investment strategy

The fund employs a “passive management”—or indexing—investment approach designed to track the performance of the Lehman U.S. Aggregate Bond Index. This index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year. The fund invests by sampling the index, meaning that it holds a range of securities that, in the aggregate, approximate the full index in terms of key risk factors and other characteristics. All of the fund's investments will be selected through the sampling process, and at least 80% of the fund's assets will be invested in bonds held in the index. The fund maintains a dollar-weighted average maturity consistent with that of the index, which currently ranges between 5 and 10 years.

See reverse side for Fund Profile.

*Note on frequent trading restrictions: Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to Vanguard.com for your employer plans or contact Participant Services at 800-523-1188 for additional information.*

### Who should invest

- Investors seeking a high level of income.
- Investors seeking a low-cost, broadly diversified, fixed-income investment to balance the risks of a portfolio containing stocks.

### Who should not invest

- Investors unwilling to accept moderate fluctuations in share price.
- Investors seeking long-term growth of capital.

**Total net assets:** \$5,414 million

**Expense ratio:** 0.10%  
as of December 31, 2007

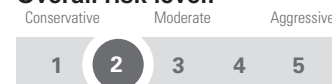
**Ticker symbol:** VBTSX

**Newspaper listing:** TotBdSgl

**Inception date:** September 1, 2006

**Fund number:** 1351

**Overall risk level:**



### Performance

#### Total returns

	Periods Ended December 31, 2007					
	Quarter	Year to Date	One Year	Three Years	Five Years	Since Inception
Total Bond Market Index Fund Signal Shares	3.10%	7.02%	7.02%	—	—	6.94%
Lehman US Aggregate Bond Index	3.00%	6.97%	6.97%	4.56%	4.42%	6.81%
Admiral™ Shares (11/12/2001)	3.10%	7.02%	7.02%	4.61%	4.44%	4.62%

**The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [www.vanguard.com/performance](http://www.vanguard.com/performance).**

Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

Lehman US Aggregate Bond Index: The broadest measure of the taxable U.S. bond market, including most Treasury, agency, corporate, mortgage-backed, asset-backed, and international dollar-denominated issues, all with investment-grade ratings (rated Baa3 or above by Moody's) and maturities of 1 year or more.

Note: Since historical performance for Signal Shares is limited, returns are presented for the fund's Admiral Shares, which have the same expense ratio as Signal Shares, to provide a longer-term perspective.

# Vanguard Total Bond Market Index Fund

Signal Shares

### Plain talk about risk

An investment in the fund could lose money over short or even long periods. You should expect the fund's share price and total return to fluctuate within a wide range, like the fluctuations of the overall bond market. The fund's performance could be hurt by:

**Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates.

**Income risk:** The chance that the fund's income will decline because of falling interest rates.

**Credit risk:** The chance that a bond issuer will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

**Call risk:** The chance that during periods of falling interest rates, the issuer of a bond will repay—or call—securities with higher coupons, or interest rates, before their maturity dates. Forced to reinvest the unanticipated proceeds at lower interest rates, the fund would experience a decline in income and lose the opportunity for additional price appreciation associated with falling interest rates.

**Index sampling risk:** The chance that the securities selected for the fund will not provide investment performance matching that of the index.

### Investment terms

**Bond:** A debt security (IOU) issued by a corporation, government, or government agency in exchange for the money the bondholder lends it. In most instances, the issuer agrees to pay back the loan by a specific date and make regular interest payments until that date.

**Expenses:** The costs of running a fund, expressed as a percentage of the fund's assets. For example, a fund may have expenses that total 0.30% (less than half of 1%) of its assets.

**Interest:** Payments made by a company, a government, or a government agency to investors who lend them money. For example, an investor buys a bond from a company, which agrees to pay back the loan by a certain date at a set rate.

**Mutual fund:** An investment company that pools the money of many shareholders and invests it in a variety of securities in an effort to achieve a specific objective over time.

**Total return:** The change in the net asset value of an investment, assuming reinvestment of all dividend and capital gain distributions.

### Fund profile

as of December 31, 2007

### Distribution by issuer—Bonds

Asset-Backed	1.0%
Commercial Mortgage-Backed	5.4
Finance	8.1
Foreign	2.2
Government Mortgage-Backed	37.5
Industrial	9.0
Treasury/Agency	34.1
Utilities	1.9
Other	0.8

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**For more information about Vanguard funds, visit [www.vanguard.com](http://www.vanguard.com), or call 800-523-1188, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.**